

ACCESS SERVICE

32. Contract Tariffs (Cont'd)

32.56 Contract Tariff Option 55 (Cont'd)

(N)

(H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

(5) (Cont'd)

- (e) Upon resolution of any Disputed Charges, or disputes raised after the determination of the Billing Credits, amounts may be credited to the customer if the customer prevails, however notwithstanding anything to the contrary herein, there shall be no adjustment to the Billing Credits, and the same shall apply regardless of the outcome of any Disputed Charges.
- (f) If the Telephone Company bills amounts after the determination of the Billing Credits that would have otherwise been included in the determination of the Billing Credits, there in no event will be any adjustment to the Billing Credits.
- (g) The Billing Credits as determined by the Telephone Company are not subject to dispute.
- (h) The amount of the Billing Credits shall in no event be subject to any late payment, interest or penalty as set forth in Section 2.4.1 preceding of this tariff, Section 2.4.1 of FCC 1, or Section 2.4.1 of FCC 14.

(x)  
(N) (x)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(TR 1016)

Issued: May 15, 2009

Effective: May 30, 2009

Vice President Federal Regulatory  
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## ACCESS SERVICE

32. Contract Tariffs (Cont'd)32.56 Contract Tariff Option 55 (Cont'd)

(N)

## (I) One-Time Credit

No later than thirty (30) days following the date of subscription, and subject to the terms and conditions set forth in this Option 55, Option 57 of FCC 1, and Option 29 of FCC 14, the Telephone Company will provide the customer with a One-Time Credit of seven hundred and fifty thousand dollars (\$750,000), which credit shall be applied by the Telephone Company to specific BANS as mutually agreed to by the customer and the Telephone Company. This One-Time Credit shall not be included in the calculation of the Billing Credits set forth herein. The One-Time Credit is provided for the customer's collective subscription to this Option 55, Option 57 of FCC 1, and Option 29 of FCC 14 (i.e., the total One-Time Credit is \$750,000 per customer).

(x)

(x)

(x)

## (J) Mergers and Acquisitions of Customer

In the event that the customer merges with another company, acquires a company or a portion of the business of another company, or is acquired in whole or in part by another company, the following terms and conditions will apply in addition to any other terms and conditions set forth herein.

- (1) The customer may not combine or include any Billed Qualifying Service Units or Billed Qualifying Services Revenues from the merged, acquiring, or acquired company, or assets of such merged, acquiring, or acquired company in determining whether or not the customer has qualified for, or the amount of any, Billing Credits provided for under this Option 55, Option 57 of FCC 1, and Option 29 of FCC 14.

(x)

(x)

- (2) The customer's Billed Qualifying Service Units and Billed Qualifying Services Revenues shall be calculated based on its business and revenue with the Telephone Company using the Customer ACNAs provided under (C)(3) preceding, without adding the revenues, units, and/or ACNAs attributable to expansion of the customer's purchase of Qualifying Services from the Telephone Company through merger, transfer, assignment, or acquisition.

(N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(TR 1016)

Issued: May 15, 2009

Effective: May 30, 2009

Vice President Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

## ACCESS SERVICE

32. Contract Tariffs (Cont'd)32.56 Contract Tariff Option 55 (Cont'd)

(N)

## (J) Mergers and Acquisitions of Customer (Cont'd)

- (3) The Telephone Company reserves the right to terminate the customer's subscription to this Option 55 without liability if the customer does not adhere to the provisions of this Section (J). Subject to (L)(4)(b) following, termination of the customer's subscription to this Option 55 shall be an automatic termination of the customer's subscription to Option 57 of FCC 1 and Option 29 of FCC 14.

(x)  
(x)

## (K) Sale of Verizon Operating Telephone Company

If some or all of the assets or stock of a Verizon Operating Telephone Company that provides Qualifying Services are acquired by an unaffiliated third party during the Service Period, effective with the closing of such transaction, the Telephone Company will proportionally adjust each of the Watermarks.

## Example:

Assume the following information for the third quarter of Plan Year 2:

- (i) The current DS1 Annual Watermark is 369,000 Billed DS1 Units; and
- (ii) The Telephone Company sells Verizon New York, Inc. to a third-party at the end of month eight (8) of Plan Year 2; and
- (iii) During the three (3) month period prior to the sale, Verizon New York, Inc. provided 12,000 Billed DS1 Units to the customer.

## Based on the above assumptions:

- (i) The average Billed DS1 Units for Verizon New York, Inc. is 4,000 (12,000 / 3).
- (ii) There are four (4) months remaining in Plan Year 2 (12 months - 8 months).
- (iii) The Plan Year 2 DS1 Annual Watermark would be reduced by 16,000 (4,000 x 4).
- (iv) The adjusted DS1 Annual Watermark for Plan Year 2 is 353,000 (369,000 - 16,000).
- (v) The DS1 Annual Watermark for the remaining three Plan Years will be reduced by the 48,000 annualized Billed DS1 Units in Verizon New York, Inc. (4,000 x 12) resulting in a revised DS1 Annual Watermark of 321,000 Billed DS1 Units (369,000 - 48,000).

(N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(TR 1016)

Issued: May 15, 2009

Effective: May 30, 2009

Vice President Federal Regulatory  
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## ACCESS SERVICE

32. Contract Tariffs (Cont'd)32.56 Contract Tariff Option 55 (Cont'd)

(N)

## (L) Termination

## (1) Telephone Company Buy-Out Option

The Telephone Company has the option, upon completion of the determination of the Billing Credits for Qualifying Services achieved by the customer in respect of the fourth Quarter of any Plan Year of the Service Period, and upon providing thirty (30) calendar days written notice to the customer, to terminate the customer's subscription to this Option 55. Termination of the customer's subscription to this Option 55 shall be an automatic termination of the customer's subscription to Option 57 of FCC 1 and Option 29 of FCC 14. The suspensions associated with customer's Existing Plans as set forth in (M) following will be re-activated upon termination of this Option 55, Option 57 of FCC 1, and Option 29 of FCC 14. If the Telephone Company exercises this buy-out option, the Telephone Company shall pay to the customer, within sixty (60) calendar days of the date of the notice exercising this option, an amount equal to any Billing Credits due and payable in respect of the fourth Quarter of Plan Year just ended plus two hundred thousand dollars (\$200,000) multiplied by the number of Plan Years left in the Service Period. The following illustrative example is presented:

(x)  
(x)  
(x)  
(x)

Assume the following information pertains to this example:

- (i) Assume the customer is owed \$400,000 in Billing Credits for the fourth Quarter of Plan Year 3 of the Service Period; and
- (ii) assume two (2) years are remaining in Service Period; and
- (iii) at the end of Plan Year 3, the Telephone Company decides to exercise its buy-out.

Based on the above assumptions the Telephone Company owes the customer a buy-out payment equal to  $\$400,000 + (\$200,000 \times 2) = \$800,000$ .

Additionally, the customer will not be subject to termination liability under (L)(3) following.

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(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(TR 1016)

Issued: May 15, 2009

Effective: May 30, 2009

Vice President, Federal Regulatory  
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## ACCESS SERVICE

32. Contract Tariffs (Cont'd)32.56 Contract Tariff Option 55 (Cont'd)

## (L) Termination (Cont'd)

## (2) Mutual Termination Option

Notwithstanding any other provisions set forth herein or as mutually agreed upon by the Telephone Company and the customer, each of the Telephone Company and the customer (individually **Party** or collectively **the Parties**) have the option at the end of Plan Year 4 to terminate the customer's subscription to this Option 55 without the imposition of either a Buyout Payment as set forth in (L)(1) preceding or Termination Liability as set forth in (L)(3) following, provided the Party or the Parties exercising such option provide written notice to the other Party within thirty (30) calendar days of the end of Plan Year 4 of its intent to terminate the customer's subscription to this Option 55. Upon the providing of such notice, the Parties shall terminate this Option 55. The Telephone Company shall remain liable for Billing Credits owed to the customer for the period ending on the last day of Plan Year 4. Termination of the customer's subscription to this Option 55 shall be an automatic termination of the customer's subscription to Option 57 of FCC 1 and Option 29 of FCC 14. The suspensions associated with customer's Existing Plans as set forth in (M) following will be re-activated upon termination of this Option 55, Option 57 of FCC 1, and Option 29 of FCC 14.

(N)

(x)

(N) (x)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(TR 1016)

Issued: May 15, 2009

Effective: May 30, 2009

Vice President, Federal Regulatory  
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## ACCESS SERVICE

32. Contract Tariffs (Cont'd)32.56 Contract Tariff Option 55 (Cont'd)

(N)

## (L) Termination (Cont'd)

## (3) Termination by the Customer

The customer may terminate its subscription to this Option 55 at any time during the Service Period. The customer must provide written notice of termination at least ninety (90) calendar days prior to the requested date of termination. Except as allowed under (L)(2) preceding, if the customer terminates or cancels its subscription to this Option 55 at any time during the Service Period for any reason, or if the customer fails to comply with the terms or conditions set forth herein (and as further described in (L)(4)(b) following), then the customer shall pay to the Telephone Company by no later than thirty (30) calendar days after such date of termination or non-compliance an amount equal to the following percentage of all Billing Credits paid under this Option 55, Option 57 of FCC 1, and Option 29 of FCC 14 through the date of termination.

(x)  
(x)

Month Terminated	Termination Percentage
1-12	100%
13-24	60%
25-36	40%
37-48	20%
49-60	10%

Termination of the customer's subscription to this Option 55 shall be an automatic termination of the customer's subscription to Option 57 of FCC 1 and Option 29 of FCC 14. Additionally, the customer will not receive any Billing Credits after the date that the Telephone Company receives the customer's notice of termination.

(x)

The suspensions associated with customer's Existing Plans as set forth in (M) following will be re-activated upon termination of this Option 55, Option 57 of FCC 1, and Option 29 of FCC 14.

(N) (x)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(TR 1016)

Issued: May 15, 2009

Effective: May 30, 2009

Vice President, Federal Regulatory  
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## ACCESS SERVICE

32. Contract Tariffs (Cont'd)32.56 Contract Tariff Option 55 (Cont'd)

(N)

## (L) Termination (Cont'd)

## (4) Termination by the Telephone Company

(a) The Telephone Company may terminate customer's subscription to this Option 55 if the customer fails to achieve the DS1 Annual Watermark, the Multiplexed DS3 Annual Watermark or the PTP DS3 Annual Watermark in any Plan Year, commencing with Plan Year 2. The Telephone Company shall provide notice to the customer of its intent to terminate the customer's subscription to this Option 55 by no later than ninety (90) calendar days after the end of the applicable Plan Year. Termination of the customer's subscription to this Option 55 shall be an automatic termination of the customer's subscription to Option 57 of FCC 1 and to Option 29 of FCC 14. If such termination occurs, the customer shall be entitled to all earned Billing Credits for such Plan Year, but will not be eligible to earn any Billing Credits in subsequent Plan Years.

(x)  
(x)

(b) The Telephone Company may terminate the customer's subscription to this Option 55 if the customer fails to comply with any of the terms and conditions of this Option 55, Option 57 of FCC 1, and/or Option 29 of FCC 14. Termination of the customer's subscription to this Option 55 shall be an automatic termination of the customer's subscription to Option 57 of FCC 1 and Option 29 of FCC 14. The suspensions associated with customer's Existing Plans as set forth in (M) following will be re-activated upon termination of this Option 55, Option 57 of FCC 1, and Option 29 of FCC 14. Termination liability as calculated in (L)(3) preceding applies to such termination.

(x)  
(x)  
(x)  
(x)  
(x)  
(x)

(N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(TR 1016)

Issued: May 15, 2009

Effective: May 30, 2009

Vice President, Federal Regulatory  
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## ACCESS SERVICE

32. Contract Tariffs (Cont'd)32.56 Contract Tariff Option 55 (Cont'd)

(N)

## (M) Suspension of True-Ups During Service Period

During the Service Period of this Option 55, the Parties agree that the following reviews and penalties associated with the customer's Existing Plans will be suspended during the time the customer is subscribed to this Option 55, Option 57 of FCC 1, and Option 29 of FCC 14:

(x)  
(x)

- (i) Suspension of the customer's Commitment Discount Plan Bi-Annual Reviews as set forth in Section 25.1.7 preceding of this tariff and Section 25.1.7 of FCC 1, and any resulting penalties as set forth in Section 25.1.7 preceding of this tariff and Section 25.1.7 of FCC 1; and

(x)  
|  
(x)

- (ii) Suspension of the customer's DS1 Term Volume Plan Annual Review as set forth in Section 5.6.14(G) of FCC 14, and any resulting penalties as set forth in Section 5.6.14(I) of FCC 14; and

(x)  
(x)

- (iii) Suspension of the customer's DS1 Term Payment Plan Annual Review as set forth in Section 7.2.1(G)(6) of FCC 16, and any resulting penalties as set forth in Section 7.2.1(G)(8) of FCC 16.

(x)  
|  
(x)

## (N) Expiration of the Service Period

Upon expiration of the customer's subscription to this Option 55, Option 57 of FCC 1, and Option 29 of FCC 14, or at the end of the Service Period, whichever occurs first, the suspensions associated with customer's Existing Plans as set forth in (M) preceding shall resume.

(x)

(N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(TR 1016)

Issued: May 15, 2009

Effective: May 30, 2009

Vice President, Federal Regulatory  
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# **EXHIBIT 16**

Verizon Tariff F.C.C. No. 14, Section 21.30,  
Contract Tariff Option 29 (May 30, 2009)

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29

## (A) Scope

Contract Tariff Option 29 (**Option 29**) provides a customer with certain Billing Credits (as defined below) on certain services offered by the Telephone Company when the customer satisfies the criteria as set forth in this Option 29.

## (B) Specific Terms

Unless otherwise defined in this Section 21.30, the following terms are used in this Option 29:

- (1) **Alternative Tariff Arrangement** shall mean, collectively, any other generally available tariff arrangement, contract tariff option, specialized service or arrangement, or Individual Case Basis (**ICB**) tariff arrangement offered by the Telephone Company and available to the customer pursuant to this tariff with respect to any of the services covered by this Option 29.
- (2) **BANs** shall mean Billing Account Numbers of the customer which shall be used to provide the Billing Credits to the customer.
- (3) **Billed DS1 Qualifying Service Revenue** shall mean the monthly recurring charge (**MRC**) amounts which are paid in full by the customer for the DS1 Qualifying Services for the applicable Quarter.
- (4) **Billed DS1 Unit** shall mean, with respect to each month during the Service Period, a DS1 Unit for which a DS1 Channel Termination, a DS1 Special Access Line, or a DS1 Circuit Termination (each as defined in (B)(14) following), was billed to the customer for that month as a MRC, using any of the applicable Universal Service Order Codes (**USOCs**) specified in (E)(2)(a) following.
- (5) **Billed FMS Revenue** shall mean the MRC amounts for Special Access Facilities Management Service (**FMS**) which were paid in full by the customer for the following USOCs:

B2CDP	B2CDV	B2CEP	B2CEV	B2CFP	BXCQX	N2M
1A59S	1A5YS	1A87S	1A88S	1A89S	1YAMS	MQ6
MXNF3	MXNF5	MXNFX	MXNM3	MXNM5	MXNMX	TNW3X
TNW5X	TNWZX					

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)(B) Specific Terms (Cont'd)

- (6) **Billed Multiplexed DS3 Qualifying Service Revenue** shall mean the MRC amounts which are paid in full by the customer for the Multiplexed DS3 Qualifying Services for the applicable Quarter.
- (7) **Billed Multiplexed DS3 Unit** shall mean, with respect to each month during the Service Period, a multiplexed DS3 service for which one or more MRCs, using any of the applicable USOCs set forth in (E)(2)(b) following, was billed to the customer for that month.
- (8) **Billed PTP DS3 Qualifying Service Revenue** shall mean the MRC amounts which are paid in full by the customer for the PTP DS3 Qualifying Services for the applicable Quarter.
- (9) **Billed PTP DS3 Unit** shall mean, with respect to each month during the Service Period, a PTP DS3 service for which one or more MRCs, using any of the applicable USOCs set forth in (E)(2)(c) following, was billed to the customer for that month.
- (10) **Billed Qualifying Service Revenue** shall mean each of Billed DS1 Qualifying Service Revenue, Billed Multiplexed DS3 Qualifying Service Revenue, and Billed PTP DS3 Qualifying Service Revenue.
- (11) **Billed Qualifying Service Units** shall mean Billed DS1 Units, Billed Multiplexed DS3 Units, and Billed PTP DS3 Units.
- (12) **Billing Credits** shall mean, collectively, the Quarterly DS1 Credit, the Quarterly Multiplexed DS3 Credit and the Quarterly point-to-point (PTP) DS3 Credit provided to the customer as a net credit on its monthly bill after each Quarter during the Service Period based on the applicable rates (as set forth in (H)(1) following) on the specific Qualifying Services offered to the customer pursuant to this Option 29. Calculation of the applicable Billing Credits is described in (H) following.

(N)

(N)

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street NW, Washington, DC 20005

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

- (13) **DS1 Annual Watermark** shall mean the annual minimum required number of Billed DS1 Units. The DS1 Annual Watermark is established by (i) aggregating the number of Billed DS1 Units for the period February 1, 2009 through and including February 28, 2009 under this tariff, Tariff FCC No. 1 (**FCC 1**), Tariff FCC No. 11 (**FCC 11**), and Tariff FCC No. 16 (**FCC 16**); and (ii) multiplying the result by twelve (12).

(x)  
(x)

- (14) **DS1 Unit** shall mean a DS1 capacity (i.e., 1.544 Mbps) Qualifying Service that meets one of the following definitions: (i) a DS1 Special Access Line (SAL) as defined in Section 5.1.1(C) preceding of this tariff, (ii) a DS1 Channel Termination as defined in Section 7.1.2(A) of FCC 1, (iii) a DS1 Channel Termination as defined in Section 7.1.2(A) of FCC 11, or (iv) a DS1 Circuit Termination as defined in Section 7.2(A) of FCC 16. Where the calculation of DS1 Units results in a fraction of a DS1 Unit, such fractions are not counted as a DS1 Unit.

(x)  
(x)

- (15) **Multiplexed DS3 Annual Watermark** shall mean the annual minimum required number of Billed Multiplexed DS3 Units. The Multiplexed DS3 Annual Watermark is established by (i) aggregating the number of Billed Multiplexed DS3 Units for the period February 1, 2009 through and including February 28, 2009 under this tariff, FCC 1, FCC 11, and FCC 16; and (ii) multiplying the result by twelve (12).

(x)

- (16) **Multiplexed DS3 Unit** shall mean an individual Qualifying Service of 44.736 Mbps bandwidth that both: (i) has a unique circuit identifier that conforms to the Common Language Circuit Identifier (CLCI) facility format administered by Telcordia (e.g., 967 T3Z PITBPADTHPE PITBPADTK18), and (ii) is billed using one or more of the USOCs specified in (E)(2)(b) following.

(N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street NW, Washington, DC 20005

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

- (17) **Plan Year** shall mean each of the following periods during the Service Period: (i) Plan Year 1 shall commence on June 1, 2009 and end on February 28, 2010; (ii) Plan Year 2 shall commence on March 1, 2010 and end on February 28, 2011; (iii) Plan Year 3 shall commence on March 1, 2011 and end on February 29, 2012; (iv) Plan Year 4 shall commence on March 1, 2012 and end on February 28, 2013; and (v) Plan Year 5 shall begin on March 1, 2013 and end on February 28, 2014.
- (18) **PTP DS3 Annual Watermark** shall mean the annual minimum required number of Billed PTP DS3 Units. The PTP DS3 Annual Watermark is established by (i) aggregating the number of Billed PTP DS3 Units for the period February 1, 2009 through and including February 28, 2009 under this tariff, FCC 1, FCC 11, and FCC 16; and (ii) multiplying the result by twelve (12). (x)
- (19) **PTP DS3 Unit** shall mean an individual 44.736 Mbps Qualifying Service that both: (i) has a unique circuit identifier that conforms to the CLCI serial number format administered by Telcordia (e.g., 95.HFGS.634683..NE) and (ii) is billed using one or more of the USOCs specified in (E)(2)(c) following. (x)
- (20) **Quarter** shall mean either of the following periods, as applicable: (i) the first (1<sup>st</sup>) Quarter of each Plan Year is the period beginning with the first date of the applicable Plan Year and ending on the last calendar day of the second month after the month in which the first date occurs (i.e., approximately ninety (90) days thereafter); or (ii) each consecutive three (3) month period thereafter commencing on the first day of the calendar month following the end of the prior Quarter and ending on the last calendar day of the second month after the month in which the first day occurs.
- (21) **Watermarks** shall mean the DS1 Annual Watermark, the Multiplexed DS3 Annual Watermark and the PTP DS3 Annual Watermark. Watermarks are subject to adjustment following the Sale of a Verizon Operating Telephone Company as described in (K) following. (N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

(N)

## (C) Eligibility

The customer must meet all of the following criteria in order to be eligible to receive the Billing Credits and other benefits of this Option 29.

## (1) On June 1, 2009, the customer must:

- (a) have between twenty-five thousand (25,000) and sixty thousand (60,000) Billed DS1 Units; and
- (b) have billing between sixty thousand (60,000) and one hundred fifty thousand (150,000) total transport miles consisting of Special Access DS1 transport miles, Special Access DS3 transport miles and Special Access FMS transport miles for DS1 or DS3 bandwidth; and
- (c) be subscribed to Special Access FMS; and
- (d) subject to the terms and conditions set forth in (M) following, be subscribed, and remain concurrently subscribed during the Service Period, to the Commitment Discount Plan as set forth in Section 25.1 of FCC1 and Section 25.1 of FCC 11, the DS1 Term Volume Plan as set forth in Section 5.6.14 preceding of this tariff, and the DS1 Term Payment Plan as set forth in Section 7.2.1(G) of FCC 16 (collectively, **Existing Plans**), provided each applicable Existing Plan remains generally available under this tariff, FCC 1, FCC 11 and/or FCC 16, as applicable; and
- (e) not have been required in connection with the most recent scheduled true-up or review of its Existing Plans to pay any shortfall payments or penalties as a result of a failure to maintain volume commitments, under any of the Existing Plans.

(x)  
(x)  
(x)  
(x)  
(x)

- (2) Except for Existing Plans, the customer may not concurrently subscribe to an Alternative Tariff Arrangement which provides discounts, credits, or other reductions in rates or terms based upon the achievement of total billed revenue or mileage targets that include Special Access DS1 and/or DS3 fixed and per mile charges. If the customer wishes to subscribe to such an Alternative Tariff Arrangement, then the customer shall not receive any Billing Credits under this Option 29, and such subscription shall be considered a termination by the customer of its subscription to this Option 29, subject to (L)(3) and (L)(4)(b) following.

(N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

## (C) Eligibility (Cont'd)

- (3) The customer must subscribe to this Option 29 in a manner designated by the Telephone Company during the thirty (30) day period beginning June 1, 2009 and ending June 30, 2009. Such subscription must include a list of the customer's access customer name abbreviations (**Customer ACNA(s)**) that the Telephone Company agrees to, in writing, for inclusion in this Option 29. Subscription to this Option 29 shall be an automatic subscription to Option 57 of FCC 1 and Option 55 of FCC 11.

## (D) Service Period

The Service Period of this Option 29 shall commence on June 1, 2009 and end on February 28, 2014.

## (E) Qualifying Services

Subject to the terms and conditions set forth in this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11, the Billing Credits shall be provided on the following Qualifying Services and the following rate elements, except that no Billing Credits will be provided in the operating territories of FCC 16:

## (1) Qualifying Services will be comprised of the following:

- (a) Special Access DS1 Services and DS3 Services, each as set forth in Section 5.3.6 preceding of this tariff, Section 7.2.9 of FCC 1, Section 7.2.9 of FCC 11, and Section 7.11.1 of FCC 16, in each case as the same may be amended from time to time, which Special Access DS1 Services and DS3 Services are billed by the Telephone Company during the Service Period and meet all of the criteria set forth in this Section (E) during each month of the Service Period; and
- (b) Special Access FMS DS1 and FMS DS3 Services, as described in Section 7.2.13 of FCC 1 and Section 7.2.16 of FCC 11, in each case as the same may be amended from time to time, which Special Access FMS DS1 and FMS DS3 Services are billed by the Telephone Company during the Service Period and meet all of the criteria set forth in this Section (E) during each month of the Service Period.

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

(N)

(E) Qualifying Services (Cont'd)(2) Rate Elements for Qualifying Services

If, during the Service Period, the Telephone Company files a revision that replaces or substitutes, in part or in whole, a USOC set forth in this Section (E), then (effective as of the date on which such revision becomes effective) such new USOC shall be included in the definition of the applicable Qualifying Service(s) and such new USOC, provided it otherwise qualifies as to be contributory under this Section (E) and all other terms of this Option 29, will be counted as contributory towards Billed Qualifying Service Revenue.

(a) DS1 Qualifying Services

Each DS1 Qualifying Services must have Rate Elements billing under at least one of the following USOCs:

1A5ZS	1CF21	1CF22	1CF23	1CF25	1CF35	1CF3W
1CF41	1CF42	1CF43	1CF45	1CF51	1CF52	1CF53
1CF55	1CF61	1CF62	1CF63	1CF65	1CF71	1CF72
1CF73	1CF75	1CF81	1CF82	1CF83	1CF85	1CF91
1CF92	1CF93	1CF95	1CFA1	1CFA2	1CFA3	1CFA5
1CFB1	1CFB2	1CFB3	1CFB5	1CFC1	1CFC2	1CFC3
1CFC5	1CFR8	1CFRJ	1CFS8	1CFSJ	1CFT8	1CFTJ
1CFU8	1CFUJ	1CFV8	1CFVJ	1CKDF	1CKDX	1J53S
1J54S	1L5LS	1L5XX	1LFMX	1LFSX	1OX1X	1OX2X
1OX3X	1OX5X	1OXTX	1T58S	1X7VX	1XCDX	CCO
C6H6X	C6H7X	CTG	DVA	EU4DF	EU4DX	EU7VX
EUU21	EUU22	EUU23	EUU25	EUU31	EUU33	EUU35
EUU3W	EUU41	EUU42	EUU43	EUU45	EUU51	EUU52
EUU53	EUU55	EUU61	EUU62	EUU63	EUU65	EUU71
EUU72	EUU73	EUU75	EUU81	EUU82	EUU83	EUU85
EUU91	EUU92	EUU93	EUU95	EUUA1	EUUA2	EUUA3
EUUA5	EUUB1	EUUB2	EUUB3	EUUB5	EUUC1	EUUC2
EUUC3	EUUC5	EUUR8	EUUS8	EUUT8	EUUU8	EUUV8
EUURJ	EUUSJ	EUUTJ	EUUUJ	EUUVJ	EUW	MQ1
MQK	MXN12	MXN13	MXN15	MXN17	PR9PX	PR9SX
QMU	TMECS	TNJZX	TNT3X	TNT4X	TNT8X	TRG
TSP	TZGHX					

(N)

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
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Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)(E) Qualifying Services (Cont'd)(2) Rate Elements for Qualifying Services (Cont'd)(b) Multiplexed DS3 Qualifying Services

Each Multiplexed DS3 Qualifying Services must have Rate Elements billing under at least one of the following USOCs:

1A59S	1A5YS	1A87S	1A88S	1A89S	1A5LX	1C4A3
1C4A5	1C4A7	1C4B3	1C4B5	1C4B7	1C4C3	1C4C5
1C4C7	1C4D3	1C4D5	1C4D7	1C4E3	1C4E5	1C4E7
1C4F3	1C4F5	1C4F7	1C4G3	1C4G5	1C4G7	1C4H3
1C4H5	1C4H7	1C4J3	1C4J5	1C4J7	1C4K3	1C4K5
1C4K7	1CFD1	1CFD3	1CFD5	1CFD7	1CFE1	1CFE3
1CFE5	1CFE7	1CFF1	1CFF3	1CFF5	1CFF7	1CFG1
1CFG3	1CFG5	1CFG7	1CFH1	1CFH3	1CFH5	1CFH7
1CFJ1	1CFJ3	1CFJ5	1CFJ7	1CFK1	1CFK3	1CFK5
1CFK7	1CFL1	1CFL3	1CFL5	1CFL7	1CFM1	1CFM3
1CFM5	1CFM7	1CFN1	1CFN3	1CFN5	1CFN7	1CKMF
1CKNX	1CKPF	1CKSX	1L5LS	1L5XX	1LFSX	1U5PS
1YA8S	1YAMS	ABVBA	B2CDP	B2CDV	B2CEP	B2CEV
B2CFP	BXCQX	EQUA3	EQUA5	EQUA7	EQUB3	EQUB5
EQUB7	EQUC3	EQUC5	EQUC7	EQUJ3	EQUJ5	EQUJ7
EQUE3	EQUE5	EQUE7	EQUF3	EQUF5	EQUF7	EQUJ3
EQUG5	EQUG7	EQUH3	EQUH5	EQUH7	EQUJ3	EQUJ5
EQUJ7	EQUK3	EQUK5	EQUK7	EU4MF	EU4NX	EU4PF
EU4SX	EUUD1	EUUD3	EUUD5	EUUD7	EUUE1	EUUE3
EUUE5	EUUE7	EUUF1	EUUF3	EUUF5	EUUF7	EUUG1
EUUG3	EUUG5	EUUG7	EUUH1	EUUH3	EUUH5	EUUH7
EUUJ1	EUUJ3	EUUJ5	EUUJ7	EUUK1	EUUK3	EUUK5
EUUK7	EUUL1	EUUL3	EUUL5	EUUL7	EUUM1	EUUM3
EUUM5	EUUM7	EUUN1	EUUN3	EUUN5	EUUN7	FQYU1
FQYU2	FQYU3	FQYU4	FQYU5	FQYU6	HKTJX	HKTJS
HKTLS	MKM	MQ3	MQ6	MXNF3	MXNF5	MXNFX
MXNM3	MXNM5	MXNMX	MXNRX	N2M	PR9SX	SLHA1
SLHA3	SLHA5	SLHA7	SLHB1	SLHB3	SLHB5	SLHB7
SLHC1	SLHC3	SLHC5	SLHC7	SLHD1	SLHD3	SLHD5
SLHD7	SLHE1	SLHE3	SLHE5	SLHE7	TRG	TKTPX
TNW3X	TNW5X	TNWZX	TUTPX	TYF8S	TYF8X	TYFLS
TYFLX	TYFMS	TYFMX	TYFNX	TYFOX	TYFPX	TYFQX
TYFRX	TYFSX	TYFTX	TYFUX	TYFVS	TYFVX	TYFWS
TYFWX						

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(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

(N)

(E) Qualifying Services (Cont'd)(2) Rate Elements for Qualifying Services (Cont'd)(c) PTP DS3 Qualifying Services

Each PTP DS3 Qualifying Services must have Rate Elements billing under at least one of the following USOCs:

1A5LX	1A59S	1A5YS	1A87S	1A88S	1A89S	1C4A3
1C4A5	1C4A7	1C4B3	1C4B5	1C4B7	1C4C3	1C4C5
1C4C7	1C4D3	1C4D5	1C4D7	1C4E3	1C4E5	1C4E7
1C4F3	1C4F5	1C4F7	1C4G3	1C4G5	1C4G7	1C4H3
1C4H5	1C4H7	1C4J3	1C4J5	1C4J7	1C4K3	1C4K5
1C4K7	1CFD1	1CFD3	1CFD5	1CFD7	1CFE1	1CFE3
1CFE5	1CFE7	1CFF1	1CFF3	1CFF5	1CFF7	1CFG1
1CFG3	1CFG5	1CFG7	1CFH1	1CFH3	1CFH5	1CFH7
1CFJ1	1CFJ3	1CFJ5	1CFJ7	1CFK1	1CFK3	1CFK5
1CFK7	1CFL1	1CFL3	1CFL5	1CFL7	1CFM1	1CFM3
1CFM5	1CFM7	1CFN1	1CFN3	1CFN5	1CFN7	1CKMF
1CKNX	1CKPF	1CKSX	1L5LS	1L5XX	1LFSX	1U5PS
1YA8S	1YAMS	ABVBA	B2CDP	B2CDV	B2CEP	B2CEV
B2CFP	BXCQX	EQUA3	EQUA5	EQUA7	EQUB3	EQUB5
EQUB7	EQUC3	EQUC5	EQUC7	EQUD3	EQUD5	EQUD7
EQUE3	EQUE5	EQUE7	EQUF3	EQUF5	EQUF7	EQUG3
EQUG5	EQUG7	EUQH3	EUQH5	EUQH7	EUJ3	EUJ5
EUJ7	EUJ3	EUJ5	EUJ7	EUJ3	EUJ5	EUJ7
EU4SX	EUUD1	EUUD3	EUUD5	EUUD7	EUUE1	EUUE3
EUUE5	EUUE7	EUUF1	EUUF3	EUUF5	EUUF7	EUUG1
EUUG3	EUUG5	EUUG7	EUUH1	EUUH3	EUUH5	EUUH7
EUUJ1	EUUJ3	EUUJ5	EUUJ7	EUUK1	EUUK3	EUUK5
EUUK7	EUUL1	EUUL3	EUUL5	EUUL7	EUUM1	EUUM3
EUUM5	EUUM7	EUUN1	EUUN3	EUUN5	EUUN7	FQYU1
FQYU2	FQYU3	FQYU4	FQYU5	FQYU6	HKTJX	HKTJS
HKTLS	MXNF3	MXNF5	MXNFX	MXNM3	MXNM5	MXNMX
N2M	PR9SX	SLHA1	SLHA3	SLHA5	SLHA7	SLHB1
SLHB3	SLHB5	SLHB7	SLHC1	SLHC3	SLHC5	SLHC7
SLHD1	SLHD3	SLHD5	SLHD7	SLHE1	SLHE3	SLHE5
SLHE7	TRG	TKTPX	TNW3X	TNW5X	TNWZX	TUTPX
TYF8S	TYF8X	TYFLS	TYFLX	TYFMX	TYFMS	TYFNX
TYFOX	TYFPX	TYFQX	TYFRX	TYFSX	TYFTX	TYFUX
TYFVS	TYFVX	TYFWS	TYFWX			

(N)

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
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Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

(N)

(E) Qualifying Services (Cont'd)

- (3) All other services purchased by the customer from the Telephone Company or any affiliate of the Telephone Company and not listed in (E)(1) preceding shall not be eligible for inclusion as Qualifying Services under this Option 29. Switched Access Services as set forth in Section 4 preceding are not Qualifying Services in this Option 29.
- (4) If the rates or terms and conditions of a Qualifying Service under this tariff are amended from time to time, such amended rates or terms and conditions shall apply herein upon the effectiveness of such tariff amendment.

(F) Revenues Included in Calculation of Billed Qualifying Service Revenue

- (1) The customer's Billed Qualifying Service Revenue under this tariff shall include only MRC amounts which are paid in full by the customer.
  - (a) For purposes of this Option 29, **MRCs** shall mean billed monthly recurring revenues, net of any discounts given under existing pricing plans, if applicable, for the Qualifying Services billed during any Quarter under the USOCs set forth in (E)(2) preceding, and excluding Disputed Charges.
  - (b) For purposes of this Option 29, **Disputed Charges** shall mean MRCs for the Qualifying Services billed during any Quarter, which amounts are under dispute regardless of whether or not they have been paid in full by the customer, as of the thirtieth (30<sup>th</sup>) calendar day following the end of the applicable Quarter in accordance with (H)(5) following. Amounts which have not been paid in full (regardless of whether or not such amounts are under dispute by the customer) shall not be included in the customer's Billed Qualifying Service Revenue for the applicable Quarter.
  - (c) For purposes of this Option 29, **paid in full** shall mean that the customer paid the billed amount without any offsets or reductions from the billed amount for the Qualifying Services, in accordance with the terms of this tariff.

(N)

(This page filed under Transmittal No. 1016.)

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Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

(N)

## (F) Revenues Included in Calculation of Billed Qualifying Service Revenue (Cont'd)

## (2) Examples of Revenue Not Included in Calculation of Billed Qualifying Service Revenue

Billed Qualifying Service Revenue under this tariff does not include (among other possible items, the following list being illustrative only) any revenue associated with other than the USOCs set forth in (E)(2) preceding, and the following types of charges are not included:

- (a) Nonrecurring charges.
- (b) Surcharges, late payment charges, credits (including any credits provided under this Option 29), fractional debit/credit amounts, adjustments, minimum period charges, termination liabilities, or any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Quarter of the Service Period.
- (c) Any amount that appears in the Other Charges and Credits section of the Telephone Company's bill to the customer (e.g., prorated charges).
- (d) Taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g. Federal Universal Service Fund).
- (e) Service or administrative fees or charges imposed by the Telephone Company (e.g. Interest penalty, late payment penalty).
- (f) Any other charges that are not applied on a recurring monthly basis and/or do not appear in the MRC section (typically labeled "Monthly Access Charges") of the Telephone Company's bill to the customer.
- (g) Credits or adjustments provided by the Telephone Company that apply to any period other than the Service Period and to any services other than the Qualifying Services.

(N)

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
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Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

(N)

## (F) Revenues Included in Calculation of Billed Qualifying Service Revenue (Cont'd)

## (2) Examples of Revenue Not Included in Calculation of Billed Qualifying Service Revenue (Cont'd)

- (h) Any debits or credits for Services rendered in prior Quarters or periods prior to June 1, 2009.
- (i) Any amount billed under a particular bill period during the Service Period for services provided prior to June 1, 2009.
- (j) Billed amounts associated with any service (or any portion of a service) that is not a Qualifying Service.
- (k) Any Disputed Charges.
- (l) Any other billed amount related to the Qualifying Services for which payment is being withheld or under dispute by the customer, subject to the terms of (H)(5) following hereof;
- (m) Billing Credits.

## (G) Serving Area

The Billing Credits will be provided only in the Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under this tariff, FCC 1, and FCC 11. Wire centers for the Phase II MSAs are listed in Section 19.1 preceding of this tariff, Section 14.7 of FCC 1, and Section 15.3 of FCC 11. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 19.1 preceding of this tariff, Section 14.7 of FCC 1, and Section 15.3 of FCC 11) that occur during the Service Period will apply. No Billing Credits will be provided in the operating territories of FCC 16.

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(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

(N)

## (H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits

- (1) The Flat Rate pricing for the Qualifying Services is achieved by providing Quarterly Billing Credits.
- (a) The DS1 Flat Rates for each Plan Year will be equal to a fixed percentage of the benchmark average revenue per DS1 unit (**DS1 ARPU**) as set forth in Table 1 below. The calculation of DS1 Flat Rates is further described in (H)(2)(a) following.
- (b) The Multiplexed DS3 Flat Rate will be equal to a fixed percentage of the applicable PTP DS3 Flat Rate as set forth in Table 1 below. The calculation of PTP DS3 Flat Rates is further described in (H) (2)(b) following.
- (c) The PTP DS3 Flat Rates for each Plan Year will be equal to a fixed percentage of the benchmark average revenue per PTP DS3 Unit (**PTP DS3 ARPU**) as set forth in Table 1 below. The calculation of PTP DS3 Flat Rates is further described in (H)(2)(b) following.

The Telephone Company shall determine on a Quarterly basis the Billed Qualifying Service Revenue and Billed Qualifying Service Units for each Qualifying Service. The Billing Credits for each of the three Qualifying Services (i.e., DS1 Qualifying Services, Multiplexed DS3 Qualifying Services and PTP DS3 Qualifying Services) will be an amount equal to the applicable Billed Qualifying Service Revenue (i.e., Billed DS1 Qualifying Service Revenue, Billed Multiplexed DS3 Qualifying Service Revenue and Billed PTP DS3 Qualifying Service Revenue) for the applicable Quarter minus the revenues derived from the Flat Rate pricing for the applicable Billed Qualifying Service Units (i.e., Billed DS1 Units, Billed Multiplexed DS3 Units, and Billed PTP DS3 Units) for the same Quarter. Shared Use as set forth in Section 5.6.7 preceding is allowed under this Option 29; however, only the Special Access portion of the Qualifying Service is included in the calculation of the Billing Credits.

(N)

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
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Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

## (H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits

## (1) (Cont'd)

Table 1

<u>Qualifying Service</u>	<u>Plan Year 1 Flat Rate</u>	<u>Plan Year 2 Flat Rate</u>	<u>Plan Year 3 Flat Rate</u>	<u>Plan Year 4 Flat Rate</u>	<u>Plan Year 5 Flat Rate</u>
DS1 Units	94.01% of DS1 ARPU	92.44% of DS1 ARPU	90.87% of DS1 ARPU	89.30% of DS1 ARPU	87.74% of DS1 ARPU
Multiplexed DS3 Units	57.22% of PTP DS3 Flat Rate	57.75% of PTP DS3 Flat Rate	58.29% of PTP DS3 Flat Rate	58.84% of PTP DS3 Flat Rate	59.41% of PTP DS3 Flat Rate
PTP DS3 Units	92.66% of PTP DS3 ARPU	91.38% of PTP DS3 ARPU	90.09% of PTP DS3 ARPU	88.80% of PTP DS3 ARPU	87.51% of PTP DS3 ARPU

- (2) The benchmark ARPU will be established at the time of subscription to this Option 29 and will be calculated as follows:

## (a) DS1 ARPU shall be calculated as follows:

- Step 1 Sum the Billed DS1 Qualifying Service Revenue for January 2009, February 2009, and March 2009.
- Step 2 Sum the Billed FMS Revenue for January 2009, February 2009, and March 2009.
- Step 3 Multiply the total calculated in Step 2 by the percentage of Billed FMS Revenue that is attributable to DS1 transport and muxing.
- Step 4 Sum the amounts calculated in Step 1 and Step 3.
- Step 5 Sum the Billed DS1 Units for January 2009, February 2009, and March 2009.
- Step 6 Divide the amount calculated in Step 4 by the amount calculated in Step 5.

(This page filed under Transmittal No. 1016.)

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1300 I Street, NW, Washington, D.C. 20005

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Issued: May 15, 2009

Effective: May 30, 2009

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd)

(H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

(2) (Cont'd)

(a) DS1 ARPU shall be calculated as follows (Cont'd)

Illustrative Example 1:

Assume the following for this illustrative example.

- (i) The Billed Qualifying Service Revenue for the DS1 ARPU is \$800,000 during January 2009, \$800,000 during February 2009, and \$800,000 during March 2009.
- (ii) The Billed FMS Revenue is \$50,000 during January 2009, \$50,000 during February 2009, and \$50,000 during March 2009.
- (iii) The Billed FMS Revenue Allocation Percentage for the DS1 ARPU is 26.20%.
- (iv) The Billed Qualifying Service Units for the DS1 ARPU is 33,000 during January 2009, 33,000 during February 2009, and 34,000 during March 2009.

Based on the above assumptions, the DS1 ARPU would be calculated as follows:

- Step 1 Total Billed DS1 Qualifying Service Revenue is \$2,400,000 (\$800,000 + \$800,000 + \$800,000).
- Step 2 Billed FMS Revenue is \$150,000 (\$50,000 + \$50,000 + \$50,000).
- Step 3 Billed FMS Revenue allocated to DS1 transport and muxing is \$39,300 (\$150,000 x 26.20%).
- Step 4 Total DS1 Revenue is \$2,439,300 (\$2,400,000 + \$39,300).
- Step 5 DS1 Billed Units are 100,000 (33,000 + 33,000 + 34,000).
- Step 6 DS1 ARPU is \$243.93 (\$2,439,300 / 100,000).

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(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
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Issued: May 15, 2009

Effective: May 30, 2009

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd)

(N)

(H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

(2) (Cont'd)

(b) PTP DS3 ARPU shall be calculated as follows:

- |        |                                                                                                                                                                                           |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Step 1 | Sum the Billed PTP DS3 Qualifying Service Revenue exclusive of amounts billed to USOCs included in the definition of Billed FMS Revenues for January 2009, February 2009, and March 2009. |
| Step 2 | Sum the Billed FMS Revenue for January 2009, February 2009, and March 2009.                                                                                                               |
| Step 3 | Multiply the total calculated in Step 2 by the percentage of Billed FMS Revenue that is attributable to PTP DS3 transport and channel terminations.                                       |
| Step 4 | Sum the amounts calculated in Step 1 and Step 3.                                                                                                                                          |
| Step 5 | Sum the Billed PTP DS3 Units for January 2009, February 2009, and March 2009.                                                                                                             |
| Step 6 | Divide the amount calculated in Step 4 by the amount calculated in Step 5.                                                                                                                |

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(This page filed under Transmittal No. 1016.)

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Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

## (H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

## (2) (Cont'd)

## (b) PTP DS3 ARPU shall be calculated as follows (Cont'd):

## Illustrative Examples 2:

Assume the following for this illustrative example.

- (i) The Billed Qualifying Service Revenue for the PTP DS3 ARPU is \$1,000,000 during January 2009, \$1,000,000 during February 2009, and \$1,000,000 during March 2009.
- (ii) The Billed Multiplexed DS3 Qualifying Service Revenue from FMS USOCs is \$10,000 during January 2009, \$10,000 during February 2009, and \$10,000 during March 2009.
- (iii) The Billed FMS Revenue is \$50,000 during January 2009, \$50,000 during February 2009, and \$50,000 during March 2009.
- (iv) The Billed FMS Revenue Allocation Percentage for the PTP DS3 ARPU is 35.46%.
- (v) The Billed Qualifying Service Units for the PTP DS3 ARPU is 300 during January 2009, 350 during February 2009, and 350 during March 2009.

Based on the above assumptions, the PTP DS3 ARPU would be calculated as follows:

- Step 1 Total Billed PTP DS3 Qualifying Service Revenue exclusive of amounts billed to FMS USOCs is \$2,970,000  $[(\$1,000,000 \times 3) - (\$10,000 \times 3)]$ .
- Step 2 Billed FMS Revenue is \$150,000  $(\$50,000 + \$50,000 + \$50,000)$ .
- Step 3 Billed FMS Revenue allocated to PTP DS3 transport and channel terminations is \$53,190  $(\$150,000 \times 35.46\%)$ .
- Step 4 Total PTP DS3 Revenue is \$3,023,190  $(\$2,970,000 + \$53,190)$ .
- Step 5 PTP DS3 Billed Units are 1,000  $(300 + 350 + 350)$ .
- Step 6 PTP DS3 ARPU is \$3,023.19  $(\$3,023,190 / 1,000)$ .

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

## (H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

- (3) Subject to all of the terms of this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11, the customer shall be eligible to receive the following Quarterly Billing Credits:

## (a) Quarterly DS1 Billing Credit

The customer will receive the Quarterly DS1 Billing Credit based on the applicable discounted Flat Rate pricing as calculated in accordance with (H)(1) and (H)(2) preceding for all Billed DS1 Units during each Quarter of each Plan Year of the Service Period. The Billed DS1 Units shall be billed on a monthly recurring basis at the rates set forth in this tariff, FCC 1, FCC 11, and FCC 16, as applicable, and the Telephone Company shall provide the Quarterly DS1 Billing Credit equal to the difference between such rates and the Flat Rates calculated in accordance with (H)(1) and (H)(2) preceding.

## Example of Calculation of Quarterly DS1 Billing Credit:

Assume the following information for Quarter 1 of Plan Year 3:

- (i) The DS1 ARPU is \$243.93 as calculated in Illustrative Example 1 of (H)(2)(a) preceding; and
- (ii) The customer's Billed DS1 Units for the three months of Quarter 1 are 33,000, 33,000, and 34,000; and
- (iii) The total Billed Qualifying DS1 Service Revenue for Quarter 1 is \$25,000,000.

Based on the above assumptions:

- (i) The Plan Year 3 Flat Rate for DS1 Units for Plan Year 3 is \$221.66 ( $\$243.93 \times 90.87\%$ ); and
- (ii) The total Billed DS1 Units for the Quarter are 100,000 ( $33,000 + 33,000 + 34,000$ ); and
- (iii) The total Quarterly DS1 Billing Credit due under this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11, equals \$2,834,000 [ $\$25,000,000 - (100,000 \times \$221.66)$ ].

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

(N)

## (H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

## (3) (Cont'd)

## (b) Quarterly Multiplexed DS3 Billing Credit

The customer will receive the Quarterly Multiplexed DS3 Billing Credit based on the applicable discounted Flat Rate pricing as calculated in accordance with (H)(1) and (H)(2) preceding for all Billed Multiplexed DS3 Units during each Quarter of each Plan Year of the Service Period. The Billed Multiplexed DS3 Units shall be billed on a monthly recurring basis at the rates set forth in this tariff, FCC 1, FCC 11, and FCC 16, as applicable, and the Telephone Company shall provide the Quarterly Multiplexed DS3 Billing Credit, which shall be a contra credit, or debit, equal to the positive difference between such rates and the Flat Rates calculated in accordance with (H)(1) and (H)(2) preceding.

(x)

## Example of Calculation of Quarterly Multiplexed DS3 Billing Credit:

Assume the following information for Quarter 1 of Plan Year 3:

- (i) The Plan Year 3 Flat Rate per PTP DS3 Unit is \$2,723.59 as calculated in the example in (H)(3)(c) following; and
- (ii) The customer's Billed Multiplexed DS3 Units for the three months of Quarter 1 are 1,000, 1,000, and 1,000; and
- (ii) The total Billed Qualifying Multiplexed DS3 Service Revenue for Quarter 1 is \$4,000,000.

Based on the above assumptions:

- (i) The Plan Year 3 Flat Rate for DS3 Units for Plan Year 3 is \$1,587.58 ( $\$2,723.59 \times 58.29\%$ ); and
- (ii) The total Billed Multiplexed DS3 Units for the Quarter are 3,000 ( $1,000 + 1,000 + 1,000$ ); and
- (iii) The total Quarterly Multiplexed DS3 Billing Credit due under this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11 equals (\$762,740) [ $\$4,000,000 - (3,000 \times \$1,587.58)$ ].

(x)  
(N)(x)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street NW, Washington, DC 20005

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

(N)

## (H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

## (3) (Cont'd)

## (c) Quarterly PTP DS3 Billing Credit

The customer will receive the Quarterly PTP DS3 Billing Credit based on the applicable discounted Flat Rate pricing as calculated in accordance with Section (H)(1) and (H)(2) preceding for all Billed PTP DS3 Units during each Quarter of each Plan Year of the Service Period. The Billed PTP DS3 Units shall be billed on a monthly recurring basis at the rates set forth in this tariff, FCC 1, FCC 11, and FCC 16, as applicable, and the Telephone Company shall provide the Quarterly PTP DS3 Billing Credit equal to the difference between such rates and the Flat Rates calculated in accordance with (H)(1) and (H)(2) preceding.

(x)

## Example of Calculation of Quarterly PTP DS3 Billing Credit:

Assume the following information for Quarter 1 of Plan Year 3:

- (i) The PTP DS3 ARPU is \$3,023.19 as calculated in Illustrative Example 2 of (H)(2)(b) preceding; and
- (ii) The customer's Billed PTP DS3 Units for the three months of Quarter 1 are 400, 500, and 600; and
- (iii) The total Billed Qualifying PTP DS3 Service Revenue for Quarter 1 is \$4,350,000.

Based on the above assumptions:

- (i) The Plan Year 3 Flat Rate for PTP DS3 Units for Plan Year 3 is \$2,723.59 (\$3,023.19 x 90.09%); and
- (ii) The total Billed PTP DS3 Units for the Quarter are 1,500 (400 + 500 + 600); and
- (iii) The total Quarterly PTP DS3 Billing Credit due under this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11 equals \$264,615 [ $\$4,350,000 - (1,500 \times \$2,723.59)$ ].

(x)  
(N)(x)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

(N)

## (H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

- (4) The Telephone Company shall provide the net Billing Credit for each Quarter on the customer's Carrier Access Billing System (**CABS**) bill no later than sixty (60) calendar days following the end of the applicable Quarter.

Continuing the Examples set forth in (H)(3) preceding, the net Billing Credit for Quarter 1 of Plan Year 3 is calculated as follows:

Based upon a Quarterly DS1 Billing Credit of \$2,834,000, a Quarterly Multiplexed DS3 Billing Credit of (\$762,740), and a Quarterly PTP DS3 Billing Credit of \$264,615, in each case for Quarter 1 of Plan Year 3, a net Billing Credit for Quarter 1 of Plan Year 3 equals \$2,335,875 (\$2,834,000 - \$762,740 + \$264,615).

- (5) In calculating the Billing Credits, all of the following requirements shall apply:

- (a) The Telephone Company shall not include in the calculation of the Billing Credits any amounts which are unpaid and/or disputed by the customer as of the thirtieth (30<sup>th</sup>) calendar day following the end of each Quarter. For example, assume that the customer had MRCs which were billed in Quarter 1 of \$3,000,000. Assume further that the customer disputed and did not pay \$450,000 of such billed MRCs. Hence, in calculating the net Billing Credit under (H)(4) preceding, the MRCs would be calculated as \$2,550,000 (\$3,000,000 - \$450,000).
- (b) To the extent that the customer has any disputes, the customer must submit such disputes to the Telephone Company no later than the thirtieth (30<sup>th</sup>) calendar day following the end of each Quarter. Each dispute must be submitted on a claim description form as provided by the Telephone Company and must clearly state next to the circuit ID the amount under dispute with the following "Dispute Associated with 2009 Contract Tariff."
- (c) Any amounts or Qualifying Services that are included in calculation of the Billing Credits will not be subject to any claims or disputes by the customer at any time in the future.

(N)

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

Issued: May 15, 2009

Effective: May 30, 2009

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd)

(N)

(H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

(5) (Cont'd)

- (d) For the purpose of calculating the Billing Credits, the Telephone Company shall not include in MRCs any credits or debits for Qualifying Services provided during any prior periods (regardless of whether such credits or debits were the result of a valid dispute by the customer or were the result of a billing error by the Telephone Company) or any prior Quarter other than the then current Quarter for which the Billing Credits are being calculated.

As an illustrative example,

- (i) Assume that the customer had MRCs for DS1 Qualifying Services which were billed in Quarter 1 of \$3,000,000.
- (ii) Assume further that the customer disputed and did not pay \$450,000 of such billed MRCs.
- (iii) Hence, in calculating the Quarterly DS1 Billing Credit, the MRCs would be calculated as \$2,550,000 (\$3,000,000 - \$450,000).
- (iv) Assume further that in Quarter 2, the Telephone Company and the customer agree that such billing was partially in error and that the customer should have received a credit of \$300,000 for DS1 Qualifying Services.
- (v) Then, in Quarter 2, the Telephone Company shall not include such credit adjustment of \$300,000 or the subsequent debit of \$150,000 for purposes of calculating the customer's DS1 Quarterly Billing Credit in Quarter 2.

(N)

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street NW, Washington, DC 20005

Issued: May 15, 2009

Effective: May 30, 2009

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd)

(N)

(H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

(5) (Cont'd)

- (e) Upon resolution of any Disputed Charges, or disputes raised after the determination of the Billing Credits, amounts may be credited to the customer if the customer prevails, however notwithstanding anything to the contrary herein, there shall be no adjustment to the Billing Credits, and the same shall apply regardless of the outcome of any Disputed Charges.
- (f) If the Telephone Company bills amounts after the determination of the Billing Credits that would have otherwise been included in the determination of the Billing Credits, there in no event will be any adjustment to the Billing Credits.
- (g) The Billing Credits as determined by the Telephone Company are not subject to dispute.
- (h) The amount of the Billing Credits shall in no event be subject to any late payment, interest or penalty as set forth in Section 2.4.1 preceding of this tariff, Section 2.4.1 of FCC 1, or Section 2.4.1 of FCC 11.

(N)(x)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street NW, Washington, DC 20005



Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

(N)

## (I) One-Time Credit

No later than thirty (30) days following the date of subscription, and subject to the terms and conditions set forth in this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11, the Telephone Company will provide the customer with a One-Time Credit of seven hundred and fifty thousand dollars (\$750,000), which credit shall be applied by the Telephone Company to specific BANs as mutually agreed to by the customer and the Telephone Company. This One-Time Credit shall not be included in the calculation of the Billing Credits set forth herein. The One-Time Credit is provided for the customer's collective subscription to this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11 (i.e., the total One-Time Credit is \$750,000 per customer).

(x)

(x)

(x)

## (J) Mergers and Acquisitions of Customer

In the event that the customer merges with another company, acquires a company or a portion of the business of another company, or is acquired in whole or in part by another company, the following terms and conditions will apply in addition to any other terms and conditions set forth herein.

- (1) The customer may not combine or include any Billed Qualifying Service Units or Billed Qualifying Services Revenues from the merged, acquiring, or acquired company, or assets of such merged, acquiring, or acquired company in determining whether or not the customer has qualified for, or the amount of any, Billing Credits provided for under this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11.

(x)

- (2) The customer's Billed Qualifying Service Units and Billed Qualifying Services Revenues shall be calculated based on its business and revenue with the Telephone Company using the Customer ACNAs provided under (C)(3) preceding, without adding the revenues, units, and/or ACNAs attributable to expansion of the customer's purchase of Qualifying Services from the Telephone Company through merger, transfer, assignment, or acquisition.

(N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

## (J) Mergers and Acquisitions of Customer (Cont'd)

- (3) The Telephone Company reserves the right to terminate the customer's subscription to this Option 29 without liability if the customer does not adhere to the provisions of this Section (J). Subject to (L)(4)(b) following, termination of the customer's subscription to this Option 29 shall be an automatic termination of the customer's subscription to Option 57 of FCC 1 and Option 55 of FCC 11.

## (K) Sale of Verizon Operating Telephone Company

If some or all of the assets or stock of a Verizon Operating Telephone Company that provides Qualifying Services are acquired by an unaffiliated third party during the Service Period, effective with the closing of such transaction, the Telephone Company will proportionally adjust each of the Watermarks.

## Example:

Assume the following information for the third quarter of Plan Year 2:

- (i) The current DS1 Annual Watermark is 369,000 Billed DS1 Units; and
- (ii) The Telephone Company sells Verizon New York, Inc. to a third-party at the end of month eight (8) of Plan Year 2; and
- (iii) During the three (3) month period prior to the sale, Verizon New York, Inc. provided 12,000 Billed DS1 Units to the customer.

Based on the above assumptions:

- (i) The average Billed DS1 Units for Verizon New York, Inc. is 4,000 (12,000 / 3).
- (ii) There are four (4) months remaining in Plan Year 2 (12 months – 8 months).
- (iii) The Plan Year 2 DS1 Annual Watermark would be reduced by 16,000 (4,000 x 4).
- (iv) The adjusted DS1 Annual Watermark for Plan Year 2 is 353,000 (369,000 – 16,000).
- (v) The DS1 Annual Watermark for the remaining three Plan Years will be reduced by the 48,000 annualized Billed DS1 Units in Verizon New York, Inc. (4,000 x 12) resulting in a revised DS1 Annual Watermark of 321,000 Billed DS1 Units (369,000 - 48,000).

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

## (L) Termination

## (1) Telephone Company Buy-Out Option

The Telephone Company has the option, upon completion of the determination of the Billing Credits for Qualifying Services achieved by the customer in respect of the fourth Quarter of any Plan Year of the Service Period, and upon providing thirty (30) calendar days written notice to the customer, to terminate the customer's subscription to this Option 29. Termination of the customer's subscription to this Option 29 shall be an automatic termination of the customer's subscription to Option 57 of FCC 1 and Option 55 of FCC 11. The suspensions associated with customer's Existing Plans as set forth in (M) following will be re-activated upon termination of this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11. If the Telephone Company exercises this buy-out option, the Telephone Company shall pay to the customer, within sixty (60) calendar days of the date of the notice exercising this option, an amount equal to any Billing Credits due and payable in respect of the fourth Quarter of Plan Year just ended plus two hundred thousand dollars (\$200,000) multiplied by the number of Plan Years left in the Service Period. The following illustrative example is presented:

Assume the following information pertains to this example:

- (i) Assume the customer is owed \$400,000 in Billing Credits for the fourth Quarter of Plan Year 3 of the Service Period; and
- (ii) assume two (2) years are remaining in Service Period; and
- (iii) at the end of Plan Year 3, the Telephone Company decides to exercise its buy-out.

Based on the above assumptions the Telephone Company owes the customer a buy-out payment equal to  $\$400,000 + (\$200,000 \times 2) = \$800,000$ .

Additionally, the customer will not be subject to termination liability under (L)(3) following.

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

(N)

## (L) Termination (Cont'd)

## (2) Mutual Termination Option

Notwithstanding any other provisions set forth herein or as mutually agreed upon by the Telephone Company and the customer, each of the Telephone Company and the customer (individually **Party** or collectively the **Parties**) have the option at the end of Plan Year 4 to terminate the customer's subscription to this Option 29 without the imposition of either a Buyout Payment as set forth in (L)(1) preceding or Termination Liability as set forth in (L)(3) following, provided the Party or the Parties exercising such option provide written notice to the other Party within thirty (30) calendar days of the end of Plan Year 4 of its intent to terminate the customer's subscription to this Option 29. Upon the providing of such notice, the Parties shall terminate this Option 29. The Telephone Company shall remain liable for Billing Credits owed to the customer for the period ending on the last day of Plan Year 4. Termination of the customer's subscription to this Option 29 shall be an automatic termination of the customer's subscription to Option 57 of FCC 1 and Option 55 of FCC 11. The suspensions associated with customer's Existing Plans as set forth in (M) following will be re-activated upon termination of this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11.

(x)

(N)(x)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street NW, Washington, DC 20005

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

## (L) Termination (Cont'd)

## (3) Termination by the Customer

The customer may terminate its subscription to this Option 29 at any time during the Service Period. The customer must provide written notice of termination at least ninety (90) calendar days prior to the requested date of termination. Except as allowed under (L)(2) preceding, if the customer terminates or cancels its subscription to this Option 29 at any time during the Service Period for any reason, or if the customer fails to comply with the terms or conditions set forth herein (and as further described in (L)(4)(b) following), then the customer shall pay to the Telephone Company by no later than thirty (30) calendar days after such date of termination or non-compliance an amount equal to the following percentage of all Billing Credits paid under this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11 through the date of termination.

Month Terminated	Termination Percentage
1-12	100%
13-24	60%
25-36	40%
37-48	20%
49-60	10%

Termination of the customer's subscription to this Option 29 shall be an automatic termination of the customer's subscription to Option 57 of FCC 1 and Option 55 of FCC 11. Additionally, the customer will not receive any Billing Credits after the date that the Telephone Company receives the customer's notice of termination.

The suspensions associated with customer's Existing Plans as set forth in (M) following will be re-activated upon termination of this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11.

(N)

(x)

(x)

(N)(x)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

(N)

## (L) Termination (Cont'd)

## (4) Termination by the Telephone Company

- (a) The Telephone Company may terminate customer's subscription to this Option 29 if the customer fails to achieve the DS1 Annual Watermark, the Multiplexed DS3 Annual Watermark or the PTP DS3 Annual Watermark in any Plan Year, commencing with Plan Year 2. The Telephone Company shall provide notice to the customer of its intent to terminate the customer's subscription to this Option 29 by no later than ninety (90) calendar days after the end of the applicable Plan Year. Termination of the customer's subscription to this Option 29 shall be an automatic termination of the customer's subscription to Option 57 of FCC 1 and Option 55 of FCC 11. If such termination occurs, the customer shall be entitled to all earned Billing Credits for such Plan Year, but will not be eligible to earn any Billing Credits in subsequent Plan Years.

(x)

(x)

- (b) The Telephone Company may terminate the customer's subscription to this Option 29 if the customer fails to comply with any of the terms and conditions of this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11. Termination of the customer's subscription to this Option 29 shall be an automatic termination of the customer's subscription to Option 57 of FCC 1 and Option 55 of FCC 11. The suspensions associated with customer's Existing Plans as set forth in (M) following will be re-activated upon termination of this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11. Termination liability as calculated in (L)(3) preceding applies to such termination.

(x)

(x)

(x)

(x)

(N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

Issued: May 15, 2009

Effective: May 30, 2009

## FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.30 Contract Tariff Option 29 (Cont'd)

## (M) Suspension of True-Ups During Service Period

During the Service Period of this Option 29, the Parties agree that the following reviews and penalties associated with the customer's Existing Plans will be suspended during the time the customer is subscribed to this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11:

- (i) Suspension of the customer's Commitment Discount Plan Bi-Annual Reviews as set forth in Section 25.1.7 of FCC 1 and Section 25.1.7 of FCC 11, and any resulting penalties as set forth in Section 25.1.7 of FCC 1 and Section 25.1.7 of FCC 11; and
- (ii) Suspension of the customer's DS1 Term Volume Plan Annual Review as set forth in Section 5.6.14(G) preceding of this tariff, and any resulting penalties as set forth in Section 5.6.14(I) preceding of this tariff; and
- (iii) Suspension of the customer's DS1 Term Payment Plan Annual Review as set forth in Section 7.2.1(G)(6) of FCC 16, and any resulting penalties as set forth in Section 7.2.1(G)(8) of FCC 16.

## (N) Expiration of the Service Period

Upon expiration of the customer's subscription to this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11, or at the end of the Service Period, whichever occurs first, the suspensions associated with customer's Existing Plans as set forth in (M) preceding shall resume.

(N)

(x)

(x)

(x)

(x)

(x)

(x)

(N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

(This page filed under Transmittal No. 1016.)

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

# **EXHIBIT 17**

Verizon Tariff F.C.C. No. 1, Section 21.66,  
Contract Tariff Option 65 (Feb. 27, 2014)



## ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65

(N)

## (A) Scope

Contract Tariff Option 65 (**Option 65**) provides a customer with certain aggregate discounts and Billing Credits (as defined following) on certain services offered by the Telephone Company when the customer satisfies the criteria as set forth in this Option 65.

## (B) Specific Terms

Unless otherwise defined in this Section 21.66, the following terms are used in this Option 65:

- (1) **Alternative Tariff Arrangement** shall mean, collectively, any other generally available tariff arrangement, contract tariff option, specialized service or arrangement, or Individual Case Basis (ICB) tariff arrangement offered by the Telephone Company and available to the customer pursuant to this tariff with respect to any of the services covered by this Option 65.
- (2) **BANs** shall mean Billing Account Numbers of the customer which shall be used to provide the Billing Credits to the customer.
- (3) **Billed DS1 Service Revenue** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges (as defined in (F) following) billed under one of the Customer ACNAs provided under (C)(3) following and which were paid in full by the customer for DS1 Qualifying Services for the applicable Quarter.
- (4) **Billed DS1 Unit with Mileage** shall mean, with respect to each month during the Service Period, a DS1 Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month and for which a portion of the Qualifying Monthly Recurring Charges includes Billed DS1 Mileage Charges.
- (5) **Billed DS1 Unit without Mileage** shall mean, with respect to each month during the Service Period, a DS1 Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month and for which none of the Qualifying Monthly Recurring Charges includes Billed DS1 Mileage Charges.

(N)

(Issued under Transmittal No. 1261)

Issued: February 12, 2014

Effective: February 27, 2014

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

## ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

- (6) **Billed DS1 Mileage Charges** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges for DS1 Mileage billed under one of the Customer ACNAs provided under (C)(3) following.
- (7) **Billed DS3 CLF Service Revenues** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges billed under one of the Customer ACNAs provided under (C)(3) following and which are paid in full by the Customer for Special Access DS3 CLF Services for the applicable Quarter.
- (8) **Billed DS3 CLS Service Revenues** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges billed under one of the Customer ACNAs provided under (C)(3) following and which are paid in full by the Customer for Special Access DS3 CLS Services for the applicable Quarter.
- (9) **Billed DS3 CLF Unit** shall mean, with respect to each month during the Service Period, a DS3 CLF Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month.
- (10) **Billed DS3 CLS Unit** shall mean, with respect to each month during the Service Period, a DS3 CLS Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month.
- (11) **Billed Facilities Management Services (FMS) Revenue** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges billed under one of the Customer ACNAs provided under (C)(3) following and which were paid in full by the Customer for Special Access Facilities Management Services.

(N)

(Issued under Transmittal No. 1261)

Issued: February 12, 2014

Effective: February 27, 2014

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

## ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

- (12) Billed Qualifying Service Revenue shall mean each of Billed DS1 Service Revenue, Billed DS3 CLF Service Revenue, Billed DS3 CLS Service Revenue, and Billed FMS Revenue.
- (13) Billed Qualifying Service Units shall mean Billed DS1 Units with Mileage, Billed DS1 Units without Mileage, Billed DS3 CLF Units, and Billed DS3 CLS Units.
- (14) Billing Credits shall mean, collectively, the Quarterly DS1 Flat Rate Credit, the Quarterly DS3 CLF Flat Rate Credit, and the Quarterly DS3 CLS Flat Rate Credit offered to Customer pursuant to this Option 65. Calculation of applicable Billing Credits is described in (G) following.
- (15) Disputed Charges shall mean Qualifying Monthly Recurring Charge amounts billed for any time period during the Service Period that are under dispute, regardless of whether the amounts have been paid in full by Customer.
- (16) DS1 Mileage shall mean the channel mileage for DS1 Services (as described in Section 7.1.2(B) of this tariff and Section 7.1.2(B) of FCC Tariff No. 11 (**FCC 11**), special transport for DS1 Services (as described in Section 5.1.1(B) of FCC Tariff No. 14 (**FCC 14**), and circuit mileage for DS1 Services (as described in Section 7.2.1(B) of FCC Tariff No. 16 (**FCC 16**)).
- (17) DS1 Average Mileage shall mean the total DS1 Mileage billed to Customer for a given time period divided by the Billed DS1 Units with Mileage for that same time period.
- (18) DS1 Unit shall mean Special Access DS1 Services that meet the following definitions: (i) a DS1 "Channel Termination" as defined in Section 7.1.2(A) of this tariff, (ii) a DS1 "Channel Termination" as defined in FCC 11, Section 7.1.2(A), (iii) a DS1 "Special Access Line" as defined in FCC 14, Section 5.1.1(C), and (iv) a DS1 "Circuit Termination" as defined in FCC 16, Section 7.2.1(A). Fractions of a "DS1 Unit" are not counted as a "DS1 Unit".
- (x) (x) (x) (x) (x) (N)

(x) Issued under authority of Special Permission No. 14-003 of the Federal Communications Commission.

(Issued under Transmittal No. 1261)

Issued: February 12, 2014

Effective: February 27, 2014

Vice President, Federal Regulatory  
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## ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

- (19) **DS3 CLF Unit** shall mean an individual Special Access DS3 Services circuit that has a facilities formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 967 T3Z PITBPADTHPE PITBPADTK18).
- (20) **DS3 CLS Unit** shall mean an individual Special Access DS3 Services circuit that has a serial number formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 95.HFGS.634683..NE).
- (21) **Flat Rate** shall mean the flat rate monthly recurring charge that applies per Billed Qualifying Service Unit, per service type (i.e., DS1 with mileage, DS1 without mileage, DS3 CLF, and DS3 CLS), for a given Plan Year, each such charge being the charge that the Parties agree results from the application of the rate calculation methodology set forth in (G)(1)(a) following.
- (22) **Plan Year** shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on March 1, 2014 and end on February 28, 2015; (2) Plan Year 2 shall commence on March 1, 2015 and end on February 29, 2016; (3) Plan Year 3 shall commence on March 1, 2016 and end on February 28, 2017.
- (23) **Quarter** shall mean either of the following periods, as applicable: (i) the first (1<sup>st</sup>) Quarter of each Plan Year is the period beginning with the first date of the applicable Plan Year and ending on the last calendar day of the second month after the month in which the first date occurs (i.e., approximately ninety (90) days thereafter); or (ii) each consecutive three (3) month period thereafter commencing on the first day of the calendar month following the end of the prior Quarter and ending on the last calendar day of the second month after the month in which the first day occurs.
- (24) **Special Access DS1 Services** shall mean DS1 Services of 1.544 Mbps bandwidth, as described in Section 7.2.9 of this tariff, FCC 11 (Section 7.2.9), FCC 14 (Section 5.3.6) and FCC 16 (Section 7.11.1).

(x)  
(x)  
(N) (x)

(x) Issued under authority of Special Permission No. 14-003 of the Federal Communications Commission.

(Issued under Transmittal No. 1261)

Issued: February 12, 2014

Effective: February 27, 2014

Vice President, Federal Regulatory  
1300 I Street, NW, Washington, D.C. 20005

## ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

(25) **Special Access DS3 CLF Services** shall mean DS3 Services of 44.736 Mbps bandwidth, as described in Section 7.2.9 of this tariff, FCC 11 (Section 7.2.9), FCC 14 (Section 5.3.6) and FCC 16 (Section 7.11.1) which has a facilities formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 967 T3Z PITBPADTHPE PITBPADTK18).

(x)

(x)

(26) **Special Access DS3 CLS Services** shall mean DS3 Services of 44.736 Mbps bandwidth, as described in Section 7.2.9 of this tariff, FCC 11 (Section 7.2.9), FCC 14 (Section 5.3.6) and FCC 16 (Section 7.11.1) which has a serial number formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 95.HFGS.634683..NE).

(x)

(x)

(27) **Special Access Facilities Management Services** shall mean FMS Services as described in Section 7.2.13 of this tariff and Section 7.2.16 of FCC 11.

(x)

(28) **TDM Annual Revenue Commitment** shall mean the annual minimum required Billed Qualifying Service Revenues and shall be equal to \$84,000,000.

(C) Eligibility

The customer must meet all of the following criteria in order to be eligible to receive the Billing Credits and other benefits of this Option 65. All references to amounts represented in dollars followed by the letter "M" shall refer to such number in millions (e.g., \$10M shall mean \$10,000,000).

(1) As of March 1, 2014, the customer must:

(a) have billed a minimum of \$10M of Billed Qualifying Service Revenue for the thirty (30) days immediately prior to March 1, 2014 and between Twenty-Five Thousand (25,000) and Sixty Thousand (60,000) Billed DS1 Units;

(b) be subscribed to the Commitment Discount Plan (Section 25.1 of this tariff and FCC 11, Section 25.1), and the DS1 Term Volume Plan (FCC 14, Section 5.6.14(G)) (**Existing Plans**);

(x)

(x)

(c) not have been required in connection with the most recent true-up to pay any shortfall payments or penalties as a result of a failure to maintain volume commitments, under any of the Existing Plans;

(d) have been subscribed to Option 57 of this tariff, Option 55 of FCC 11, and Option 29 of FCC 14 immediately prior to execution of this Option 65.

(x)

(N)

(x) Issued under authority of Special Permission No. 14-003 of the Federal Communications Commission.

(Issued under Transmittal No. 1261)

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## ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(C) Eligibility (Cont'd)

- (2) Except for Existing Plans, Customer may not concurrently subscribe to an Alternative Tariff Arrangement which provides discounts, credits, or other reductions in rates or terms based upon the achievement of total billed revenue. If Customer wishes to subscribe to such an Alternative Tariff Arrangement, then Customer shall not receive any Discounts and Billing Credits under this Option 65, and such subscription shall be considered a termination by Customer of this Option 65, subject to (L) following.

- (3) The customer must subscribe to this Option 65 in a manner designated by the Telephone Company during the thirty (30) day period beginning March 1, 2014 and ending March 31, 2014. Such subscription must include a list of the customer's access customer name abbreviations (**Customer ACNA(s)**) that the Telephone Company agrees to, in writing, for inclusion in this Option 65. Subscription to this Option 65 shall be an automatic subscription to Option 65 of FCC 11 and Option 34 of FCC 14.

(x)

(D) Service Period

The Service Period of this Option 65 shall commence on March 1, 2014 and end on February 28, 2017.

(E) Serving Area

The Billing Credits will be provided only in the Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under this tariff, FCC 11, and FCC 14. Wire centers for the Phase II MSAs are listed in Section 14.7 preceding of this tariff, Section 15.3 of FCC 11, and Section 19.1 of FCC 14. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 14.7 preceding of this tariff, Section 15.3 of FCC 11, and Section 19.1 of FCC 14) that occur during the Service Period will apply. No Billing Credits will be provided in the operating territories of FCC 16.

(x)

(x)

(x)

(x)

(N) (x)

(x) Issued under authority of Special Permission No. 14-003 of the Federal Communications Commission.

(Issued under Transmittal No. 1261)

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## ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(F) Qualifying Monthly Recurring Charges

Subject to the exclusions set forth following as well as all other terms of this Option 65 (includes Disputes following), Qualifying Monthly Recurring Charges include total monthly recurring charges (MRCs) billed to Customer with respect to a particular service for a particular timeframe. Qualifying Monthly Recurring Charges do not include any of the following (among other items that are not MRCs, the following list by way of example only):

- (1) Nonrecurring charges, surcharges, late payment charges, credits (including any credits provided under the Contract Tariffs), fractional debit/credit amounts, adjustments, minimum period charges, termination liabilities, or any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Quarter of the Service Period.
- (2) Taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);
- (3) Service or administrative fees or charges imposed by the Telephone Company (e.g., interest penalty, late payment penalty);
- (4) Any amount that appears in the "Other Charges and Credits" section of the Telephone Company's invoice;
- (5) Any other billed amount for which payment is being withheld or under dispute by the Customer or that is otherwise a Disputed Charge; provided, however, that if an amount would have been included in Qualifying Monthly Recurring Charges but for the fact that it was disputed, and if such dispute is then resolved in favor of the Customer, then the amount credited to Customer as a result of such resolution shall be included in Qualifying Monthly Recurring Charges in the Quarter in which the Telephone Company issues such credit; and
- (6) Shortfall or overage charges associated with term plan true-ups (e.g., charges assessed for failure to satisfy commitment levels).

(N)

(Issued under Transmittal No. 1261)

Issued: February 12, 2014

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## ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(G) Quarterly Review; Calculation and Payment of Billing Credits

- (1) The Flat Rate pricing for the Services set forth in Tables 1 and 2 following is achieved by providing a DS1 Flat Rate Credit, a DS3 CLF Flat Rate Credit, and a DS3 CLS Flat Rate Credit.

(a) Calculation of Flat Rates

The DS1 Flat Rates without Mileage and the DS3 CLS Flat Rates for each Plan Year will be equal to a fixed percentage of the benchmark (as specified in (G)(1)(c) following) average revenue per DS1 Unit (**DS1 ARPU**) and DS3 CLS Unit (**DS3 CLS ARPU**), respectively. The DS3 CLF Flat Rates will be equal to a fixed percentage of the applicable DS3 CLS Flat Rate. The DS1 Flat Rates with Mileage will be equal to a fixed percentage of the DS1 Flat Rate without Mileage and will be based upon DS1 Average Mileage tiers. A more detailed description of the calculation of the DS1 Flat Rates without Mileage is provided in Table 2 following.

(b) Calculation of Quarterly Billing Credits

The dollar amount of the quarterly Billing Credits shall be determined as follows:

- (i) The Telephone Company shall determine on a Quarterly basis the Billed Qualifying Service Revenue and Billed Qualifying Service Units for each Service, and the Average DS1 Mileage for Billed DS1 Units with Mileage.
- (ii) The DS3 CLF Flat Rate Credit and the DS3 CLS Flat Rate Credit will be in an amount equal to the applicable Billed Qualifying Service Revenue (i.e., Billed Qualifying DS3 CLF Service Revenue and Billed Qualifying DS3 CLS Service Revenue) for the applicable Quarter **minus** the applicable flat rate revenue (i.e., applicable Billed Qualifying Service Units (i.e., Billed DS3 CLF Units and Billed DS3 CLS Units) **multiplied by** the applicable flat rate for the Plan Year from Table 1).

(N)

(Issued under Transmittal No. 1261)

Issued: February 12, 2014

Effective: February 27, 2014

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## ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)(G) Quarterly Review; Calculation and Payment of Billing Credits  
(Cont'd)

(N)

(1) (Cont'd)

(b) Calculation of Quarterly Billing Credits (Cont'd)

Table 1: Flat Rates

Qualifying Service	Plan Year 1 Flat Rate	Plan Year 2 Flat Rate	Plan Year 3 Flat Rate
DS1 Units without Mileage	61.06% of DS1 ARPU	60.25% of DS1 ARPU	59.43% of DS1 ARPU
DS3 CLF Units	60.61% of DS3 CLS Plan Year 1 Flat Rate	60.67% of DS3 CLS Plan Year 2 Flat Rate	61.11% of DS3 CLS Plan Year 3 Flat Rate
DS3 CLS Units	54.00% of DS3 CLS ARPU	53.67% of DS3 CLS ARPU	53.02% of DS3 CLS ARPU

- (iii) The DS1 Flat Rate Credit will be an amount equal to the Billed Qualifying DS1 Service Revenue for the applicable Quarter minus the sum of the Billed DS1 Units without Mileage for the applicable Quarter multiplied by the applicable flat rate for the Plan Year from Table 1 plus the Billed DS1 Units with Mileage for the applicable Quarter multiplied by the applicable flat rate for the Average DS1 Mileage for the applicable Quarter from Table 2.

Table 2: Flat Rates (DS1 Units with Mileage)  
Applicable to All Plan Years

Minimum Average DS1 Mileage	Maximum Average DS1 Mileage	Flat Rate MRC
0	7.24	107.33% of DS1 Units without Mileage Plan Year 1 Flat Rate
7.25	8.99	108.00% of DS1 Units without Mileage Plan Year 1 Flat Rate
9.00	10.74	108.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
10.75	12.49	110.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
12.50	14.24	112.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
14.25	15.99	114.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
16.00	17.74	116.00% of DS1 Units without Mileage Plan Year 1 Flat Rate
17.75	+	117.33% of DS1 Units without Mileage Plan Year 1 Flat Rate

(N)

(Issued under Transmittal No. 1261)

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## ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)(G) Quarterly Review; Calculation and Payment of Billing Credits  
(Cont'd)

(N)

## (1) (Cont'd)

(c) Calculation of Benchmark Average Revenues

The benchmark average revenues per unit will be established at the time of subscription to Option 65 and will be calculated as follows:

(i) **DS1 ARPU** shall be calculated as follows:

- Step 1 Sum the Billed DS1 Service Revenue for October 2013, November 2013, and December 2013.
- Step 2 Sum the Billed FMS Revenue for October 2013, November 2013, and December 2013.
- Step 3 Multiply the total calculated in Step 2 by the percentage of Billed FMS Revenue that is attributable to DS1 transport and multiplexing.
- Step 4 Sum the amounts calculated in Step 1 and Step 3.
- Step 5 Sum the Billed DS1 Units with Mileage and Billed DS1 Units without Mileage for October 2013, November 2013, and December 2013.
- Step 6 Divide the amount calculated in Step 4 by the amount calculated in Step 5.

(ii) **DS3 CLS ARPU** shall be calculated as follows:

- Step 1 Sum the Billed DS3 CLS Service Revenue exclusive of amounts included in the definition of Billed FMS Revenues for October 2013, November 2013, and December 2013.
- Step 2 Sum the Billed FMS Revenue for October 2013, November 2013, and December 2013.
- Step 3 Multiply the total calculated in Step 2 by the percentage of Billed FMS Revenue that is attributable to DS3 CLS transport and channel terminations.
- Step 4 Sum the amounts calculated in Step 1 and Step 3.
- Step 5 Sum the Billed DS3 CLS Units for October 2013, November 2013, and December 2013.
- Step 6 Divide the amount calculated in Step 4 by the amount calculated in Step 5.

(N)

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